

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7094

BILL NUMBER: SB 426

DATE PREPARED: Dec 23, 1998

BILL AMENDED:

SUBJECT: ISTEP+ and Special Education Students.

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FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (1) This bill would provide that test scores from the Indiana Statewide Testing for Educational Progress (ISTEP+) of a student for whom the student's school corporation is entitled to receive a special education grant (student with special needs): 1) may not be included in the benchmark portion of a school corporation's annual report published by the school corporation, or included in the benchmarks submitted to the Department of Education for purposes of figuring a school corporation's performance-based awards as part of the Performance-Based Accreditation System; and 2) may be used only for diagnostic purposes for the student.

(2) It would also provide that a student with special needs, not be required to meet the educational proficiency standards tested in the ISTEP+ Graduation Qualifying Examination (the Examination) in order to be eligible to graduate with a diploma.

Effective Date: July 1, 1999.

Explanation of State Expenditures: The provisions of this bill make several references to the Department of Education, but would not require the Department of Education to alter its operations regarding school corporation annual reports or its administration of the Performance-Based Accreditation System.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (1) Under current State law, ISTEP+ test scores are required to be included in the benchmark portion of a school corporation's annual report published by the school corporation, and included in the benchmarks submitted to the Department of Education for the purposes of calculating a school corporation's performance-based award as part of the Performance-Based Accreditation System.

In 1997, for grades 3, 6, 8, and 10, approximately 26,000 students with special needs took the Mathematics portion of ISTEP+ (a similar number took the English/Language Arts portion). Of this total amount, approximately 17,000 students or 65% participated in ISTEP+ for diagnostic purposes only.

Therefore, the scores of approximately 9,000 students with special needs (26,000 - 17,000) were included in the benchmark portion of school corporation annual reports, and included in the benchmarks submitted to the Department of Education for performance-based awards (of these 9000 students, approximately 7,000 or 77% failed to meet ISTEP+ educational proficiency standards).

This bill would exempt ISTEP+ test scores of students with special needs from a school corporation's annual report as well as from award criteria required by the Performance Based Accreditation System. Assuming that the number of students with special needs who participate in ISTEP+ (for other than diagnostic purposes) remains constant, approximately 9000 ISTEP+ scores of students with special needs would be exempt from current reporting requirements.

In addition, there could be a redistribution of performance-based awards due to the fact that ISTEP+ scores of student's with special needs would not be included in the performance-based award calculations. For FY 1999, \$3,250,000 was appropriated to the Department of Education for distribution to school corporations as performance based awards.

(2) Under current State law, students in grades 3, 6, 8, and 10 must be tested under the ISTEP+ program, and beginning with the class of students that expects to graduate with a diploma during the 1999-2000 school year, each student must take the Examination in order to graduate high school with a diploma.

This bill would exempt students with special needs from meeting the educational proficiency standards tested in the Examination. Consequently, students with special needs who would not have been able to graduate high school with a diploma due to ISTEP+ Examination requirements, would be able to do so as a result of this bill.

State Agencies Affected: Department of Education.

Local Agencies Affected: School Corporations.

Information Sources: 1997 ISTEP+ Disaggregation Summary Report; State of Indiana, List of Appropriations, July 1, 1998 to June 30, 1999.